

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0802-01
Bill No.: SB 219
Subject: Veterans; Military Affairs.
Type: Original
Date: January 21, 2003

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--------------------|--------------------|----------------|
| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
| General Revenue | (\$231,067) | (\$460,147) | \$0 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$231,067) | (\$460,147) | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
| Korean Conflict Veterans' Recognition Award Fund | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on Other State Funds* | \$0 | \$0 | \$0 |

*** Offsetting revenues and expenditures in FY 2004 and FY 2005.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
| None | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasure** and the **Missouri Veterans Commission** each assume this proposal would not fiscally impact their respective agencies.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Public Safety's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 5 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 7.5 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$308, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** state this proposal directs the Adjutant General to administer the Korean War Veteran Recognition program. Under the program, veterans of the Korean conflict residing in Missouri on August 28, 2003 and any spouse of a deceased Korean War veteran who died prior to making application are eligible to receive a medal/medallion and certificate from the State of Missouri.

The proposal would also establish the Korean War Veterans Recognition Fund and allow gifts and donations to support the program. OTAG states that a similar fund was created for the W.W. II Veterans Award program and no donations were forthcoming, therefore, OTAG assumes that General Revenue or some other funding source will be required to fund this program.

OTAG states that if this legislation is approved and becomes law, a legislative letter of intent to allow OTAG to expend existing appropriations and a supplemental appropriation for FY 2004 will be required. Also, to initiate the award application process a code of state regulations would need to be developed and approved to allow the program to be activated to receive applications starting January 1, 2004.

In discussion with the Missouri's Veterans Commission, it was estimated that 150,000 Missourians served in the Korean War. It was further estimated that 35,000 to 50,000 veterans and surviving spouses would apply for awards. OTAG's estimate assumes that children of deceased veterans would not be eligible to apply for awards.

OTAG's estimate also assumes that the period for applying for Korean War Awards will extend for a 12 month period ending on January 1, 2005. OTAG estimates the need for both temporary state employees and contract labor to be employed to administer the program. OTAG assume that administration and the final distribution of medals would last not longer than June 30, 2005. OTAG also assumes that all awards are to be mailed to the veterans.

OTAG estimates the cost per award for medal, medallion package, including postage, to be \$9.67, which is the actual cost of the W.W. II veteran recognition awards. It is projected that the one-time

ASSUMPTION (continued)

Korean Veteran Recognition Awards program will be completed by the end of FY 2005 (June 2005) and no further expenses would be incurred from the program.

OTAG assumes the personal service cost (including fringe benefits) of 4 new FTE; including a Veterans Service Supervisor (at \$36,012 annually), an Office Support Assistant (at \$21,192 annually), an Accountant I (at \$30,204 annually) and one Account Clerk II (at \$23,184 annually) would be \$132,694 for FY 2004 and \$163,213 for FY 2005. Other anticipated costs include six temporary staff, the costs of the awards, and other necessary supplies. The total costs estimated by OTAG to carry out this program (including awards) is \$340,894 in FY 2004 and \$687,827 in FY 2005.

The application period as stated in the proposal is from January 1, 2004 to January 1, 2005, therefore, **Oversight** assumes this program will be completed in FY 2005. Oversight will utilize OTAG's estimate of 50,000 (33% of estimated 150,000 eligible Korean Conflict Veterans) veterans applying for the award. As of December 31, 2002, roughly 31% of the estimated 125,000 eligible W.W.II veterans have applied for the award in that program. Oversight will also assume that one third of the awards would be processed in FY 2004 and two thirds of the awards would be processed in FY 2005. Therefore, Oversight assumes an award cost of \$161,167 ($50,000 / 3 \times \9.67) in FY 2004 and \$322,333 ($50,000 \times 2/3 \times \9.67) in FY 2005.

Oversight also assumes that since OTAG was not allowed additional FTE in their budgets to administer the W.W. II recognition program, OTAG will administer this program with the temporary employees and necessary supplies estimated by OTAG. Oversight has also estimated the six estimated temporary personnel would only work six months in FY 2004 (January - June) since the application window opens on January 1, 2004.

Oversight also assumes the unutilized balance of the \$3,000,000 appropriation from FY 2002 to the World War II awards program would not be utilized to cover some of the costs of this proposal, therefore have reflected the anticipated cost of the program being transferred from General Revenue to the newly created Korean Conflict Veterans' Recognition Award Fund.

| <u>FISCAL IMPACT - State Government</u> | FY 2004 (10 Mo.) | FY 2005 | FY 2006 |
|---|---------------------------|---------------------------|-------------------|
| GENERAL REVENUE | | | |
| <u>Transfer Out</u> - to Korean Conflict Veterans' Recognition Award Fund | <u>(\$231,067)</u> | <u>(\$460,147)</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT TO GENERAL REVENUE | <u>(\$231,067)</u> | <u>(\$460,147)</u> | <u>\$0</u> |
| KOREAN CONFLICT VETERANS' RECOGNITION AWARD FUND | | | |
| <u>Transfer In</u> - from General Revenue | \$231,067 | \$460,147 | \$0 |
| <u>Costs</u> - Adjutant General's Office | | | |
| Expense and Equipment | (\$69,900) | (\$137,814) | \$0 |
| Medals, Medallions and Certificates | <u>(\$161,167)</u> | <u>(\$322,333)</u> | <u>\$0</u> |
| <u>Total Costs</u> - Adjutant General's Office | (\$231,067) | (\$460,147) | \$0 |
| ESTIMATED NET EFFECT TO THE KOREAN CONFLICT VETERANS' RECOGNITION AWARD FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2004 (10 Mo.) | FY 2005 | FY 2006 |
|---|---------------------|-------------------|-------------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

RAS:LR:OD (12/02)

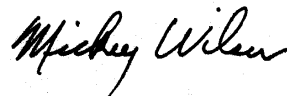
This proposal entitles any Korean Conflict veteran (military service beginning June 25, 1950 and ending July 27, 1953) who was honorably discharged and resides in Missouri to receive a medallion, medal and a certificate of appreciation. The Adjutant General shall determine those persons who are eligible for the award. Applications may be filed during calendar year 2004.

The "Korean Conflict Veterans' Recognition Award Fund" is created and shall be used to fund the design, manufacture and distribution of the medallions, medals and certificates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Missouri Veterans' Commission
Office of the Adjutant General
Office of the Secretary of State
Office of the State Treasurer



Mickey Wilson, CPA
Director
January 21, 2003